

Message Text

SECRET

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ACTION SS-25

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S E C R E T SECTION 01 OF 02 BONN 12150

EXDIS

E.O. 11652: GDS
TAGS: OVIP (CARTER, JIMMY)
SUBJECT: PRESIDENTIAL VISIT: THE CHANCELLOR'S MOOD

SUMMARY

CHANCELLOR SCHMIDT CONTINUES TO FACE DOMESTIC POLITICAL DIFFICULTIES EVEN AS THE INTERNATIONAL PRESTIGE OF THE FEDERAL REPUBLIC CONTINUES TO RISE. SCHMIDT HAS NOT YET FOUND A WAY TO CONVERT HIS INTERNATIONAL SUCCESSES INTO STRONG SUPPORT AT HOME.

AS HE CONTEMPLATES THE SUMMIT, SCHMIDT IS AWARE THAT THE EYES OF THE WORLD - AND THE GERMAN ELECTORATE - WILL BE FOCUSED ON BONN. HIS PERFORMANCE AT THE SUMMIT, AND IN HIS BILATERAL MEETING WITH THE PRESIDENT, COULD BE A MATERIAL FACTOR IN THE SUCCESS OR FAILURE OF HIS PARTY AND ITS COALITION PARTNER IN THE CRUCIAL STATE ELECTIONS SCHEDULED THIS FALL IN HESSE. IT COULD THUS AFFECT HIS OWN PRESTIGE AND AUTHORITY. HE WILL BE ANXIOUS TO AVOID HAVING THE SUMMIT END IN FAILURE AND MUTUAL RECRIMINATION. IN THAT SENSE, THERE WILL BE SUBSTANTIAL PRESSURE ON HIM TO HELP ASSURE ITS SUCCESS.

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SCHMIDT WILL NOT SEE DOMESTIC POLITICAL CONSTRAINTS AS BARRIERS TO BARGAINING. SCHMIDT SEES THE SUMMIT AS A NEGOTIATION AND HE IS LIKELY TO DRIVE HARD TO ACHIEVE HIS GOALS. THE IMAGE OF A DECISIVE, PRAGMATIC SCHMIDT STRONGLY DEFENDING GERMAN INTERESTS IS ALSO ONE OF CONSIDERABLE ELECTORAL APPEAL. EQUALLY IMPORTANT, HOWEVER, HE WILL WANT HIS BARGAINING TO LEAD TO AN AGREEMENT

WHICH IS IN THE GENERAL INTERESTS OF ALL THE WESTERN
WORLD. END SUMMARY

1. AS CHANCELLOR SCHMIDT AWAITS THE PRESIDENT'S VISIT
AND THE ECONOMIC SUMMIT, THE DOMESTIC SITUATION AND
PROSPECTS OF HIS GOVERNMENT CONTINUE TO TROUBLE HIM
DEEPLY.

2. SCHMIDT HAS NOW BEEN IN OFFICE FOR FOUR YEARS.
THOUGH HE IS WIDELY RESPECTED AS AN EFFECTIVE MANAGER
AND CHANCELLOR AND IS THE MOST POPULAR TOP LEADERSHIP
FIGURE IN GERMANY, HE HAS NOT CAPTURED THE IMAGINATION
OF THE GERMANS NOR BEEN IN POSITION TO PRODUCE THE KIND
OF INNOVATIVE PROGRAM OR CONCEPTS THAT INSPIRE DYNAMIC
LOYALTY AND SUPPORT.

3. SCHMIDT'S COALITION IS NOW BADLY FRAYED AT THE
EDGES AND EVEN SAGGING AT THE CENTER, WITH RECENT RISING
TENSION IN THE RELATIONS BETWEEN HIS OWN PARTY AND
GENSCHER'S FREE DEMOCRATS. THE STATE ELECTIONS IN
HAMBURG AND LOWER SAXONY, BY DEALING STUNNING DEFEATS
TO THE FREE DEMOCRATS, GAVE SCHMIDT A NERVOUS AND IN-
CREASINGLY SELF-CENTERED PARTNER.

4. THE OUTCOME OF THE HESSE STATE ELECTIONS, SCHEDULED
FOR OCTOBER 8, COULD PROVE CRUCIAL TO THE COALITION. IF
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THE SOCIAL DEMOCRATS WIN AND THE FREE DEMOCRATS GAIN
ENOUGH SUPPORT TO KEEP THEIR PARLIAMENTARY POSTS,
SCHMIDT'S GOVERNMENT WOULD BE MINIMALLY AFFECTED BUT
WOULD STILL HAVE BEEN GIVEN A NASTY SCARE. IF, ON THE
OTHER HAND, THE FREE DEMOCRATS ARE ELIMINATED FROM THE
PARLIAMENT IN HESSE AND/OR THE OPPOSITION CDU WINS THOSE
ELECTIONS AND TAKES POWER IN HESSE, SCHMIDT AND HIS
GOVERNMENT WOULD SUFFER A SEVERE POLITICAL SETBACK, AL-
THOUGH THEY COULD BE ABLE TO CONTINUE GOVERNING IN BONN
BECAUSE OF THE FORBIDDING PARLIAMENTARY OBSTACLES CON-
FRONTING ANY GOVERNMENT CHANGE HERE BETWEEN ELECTIONS.

5. WHATEVER THE RESULTS, THE DANGERS OF GROWING IM-
MOBILISM AND SIMPLE FATIGUE WITH GOVERNING CONTINUE TO
PROVIDE SCHMIDT HIS GREATEST CHALLENGES. HOWEVER,
SCHMIDT ALSO KNOWS THAT HE MUST BEND EVERY EFFORT TO
HAVE HIS PARTY AND ITS COALITION PARTNER TRIUMPH IN
HESSE IF THEY WANT TO RETAIN POLITICAL AUTHORITY HERE.

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6. IRONICALLY, THE INTERNATIONAL STATURE OF THE FEDERAL REPUBLIC IS RISING EVEN AS SCHMIDT IS SUFFERING SETBACKS AT HOME. THE CHRONOLOGICAL LIST OF VISITORS TO GERMANY IN THE SPRING AND SUMMER OF THIS YEAR READS LIKE THE WHO'S WHO OF THE ENTIRE WORLD: PRESIDENT BREZHNEV; QUEEN ELIZABETH, DEPUTY PREMIER KU MU; PRESIDENT GISCARD; CROWN PRINCE FAHD; THE EUROPEAN COMMUNITY SUMMIT; PRESIDENT CARTER; LAST BUT NOT LEAST, THE ASSEMBLED LEADERS OF THE INDUSTRIAL WORLD IN THE ECONOMIC SUMMIT. GERMANY'S PRESIDENCY OF THE EC, BEGINNING JULY 1, SHOULD GIVE THE FRG ANOTHER CHANCE TO REGISTER.

7. SCHMIDT HAS BEEN TRYING, BUT HAS NOT FOUND A WAY TO CONVERT THE INTERNATIONAL SUCCESS OF THE FEDERAL REPUBLIC INTO WIDESPREAD POPULAR SUPPORT FOR HIS PARTY AND ITS COALITION PARTNER. AS HE CONTEMPLATES THE SUMMIT AND THE PRESIDENT'S VISIT, IT IS CLEAR THAT HE MUST USE THOSE OCCASIONS, AND ESPECIALLY THE SUMMIT, TO MAKE THE MAXIMUM POSSIBLE IMPACT ON THE GERMAN POLITICAL SCENE. HE HAS ALREADY INDICATED PRIVATELY THAT HE MAY CALL A SPECIAL SESSION OF THE BUNDESTAG IN MID-SUMMER IN ORDER TO REPORT ON THE SUMMIT.

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8. SCHMIDT UNDOUBTEDLY HOPES THE PRESIDENT'S VISIT HERE

WILL GIVE HIM A BOOST. SCHMIDT WILL WANT TO BE ASSOCIATED WITH THE PRESIDENT. HE WILL ALSO HAVE A GENUINE DESIRE TO CONTINUE THE PROGRESS IN THE PERSONAL RELATIONSHIP REFLECTED AT THE RECENT WASHINGTON SUMMIT. DESPITE SCHMIDT'S OCCASIONALLY SHARP PRIVATE COMMENTS, WHICH HE MAKES ABOUT ALL GERMAN OR FOREIGN POLITICAL FIGURES AND WHICH HAVE BEEN OVERBLOWN IN THE PRESS, SCHMIDT WELCOMES THE GROWING UNDERSTANDING WITH THE PRESIDENT AND SUPPORTS OUR POLICY IN VIRTUALLY ALL AREAS. HE ALSO KNOWS THAT ONE DOES NOT SCORE POLITICAL POINTS IN THIS COUNTRY BY GOING AGAINST THE AMERICANS.

9. SCHMIDT ALSO CLEARLY NEEDS TO MAKE THE SUMMIT A SUCCESS. IF HE CAN SHOW THAT, HERE IN BONN AT HIS INVITATION, A FORMULA WAS FOUND TO PRODUCE STABILITY AND PROSPERITY, HE WILL HAVE SCORED A TRIUMPH THAT SHOULD HELP HIM AT HOME. THE SUCCESS WOULD HAVE TO HAVE BEEN DEMONSTRATIVELY LINKED WITH HIS OWN BARGAINING BUT MUST ALSO BE A SUCCESS FOR THE COLLABORATION OF THOSE WESTERN INSTITUTIONS AND GOVERNMENTS OF WHICH THE GERMANS FEEL SO STRONGLY A PART. SUCH A SUCCESS COULD BE USED BY SCHMIDT TO SHIFT POLICY MODERATELY, JUSTIFYING THE SHIFT BY LINKING IT TO THE SUMMIT. THE DOMESTIC CONSTRAINTS ON SCHMIDT WOULD REDUCE HIS CAPACITY TO CARRY OUT DRAMATIC DEPARTURES, BUT HE HOPES THE SUMMIT WILL REDUCE THOSE CONSTRAINTS.

10. SCHMIDT'S PERSONAL STYLE DOES NOT MIRROR HIS POLITICAL DIFFICULTIES. EVEN THOUGH HE IS IN TROUBLE, HE WILL BE CRUSTY, BLUNT TO THE POINT OF ACERBITY, A TOUGH BARGAINER, OCCASIONALLY OVERBEARING WITH MORE THAN A HINT OF THE SCHOOLMASTER, AND SUDDENLY CHARMING. HE
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IS NOT A WEAK LEADER AND HE WILL NOT GO DOWN WITH A WHIMPER, IN DIPLOMATIC OR POLITICAL BATTLE.

11. THUS, IT WOULD BE A MISTAKE TO ASSUME THAT SCHMIDT WILL LET DOMESTIC POLITICAL CONSIDERATIONS AFFECT HIS NEGOTIATING STYLE. AS HIS "BUSINESS WEEK" ARTICLE MAKES CLEAR, SCHMIDT SEES THE SUMMIT AS A NEGOTIATION AND HE IS LIKELY TO BARGAIN HARD TO ACHIEVE HIS GOALS. THE IMAGE OF A DECISIVE, PRAGMATIC SCHMIDT STRONGLY DEFENDING GERMAN INTERESTS IS ONE OF CONSIDERABLE ELECTORAL APPEAL. EQUALLY IMPORTANT, HOWEVER, IS THAT HIS HARD BARGAINING SHOULD LEAD TO AN AGREEMENT WHICH IS IN THE GENERAL INTERESTS OF ALL THE WESTERN WORLD.

12. WE DO NOT YET KNOW WHAT THIS WILL MEAN IN SPECIFIC TERMS BECAUSE THE DISCUSSIONS AT THE SUMMIT STILL LIE

AHEAD AND THE PREPARATIONS ARE STILL IN TRAIN. IT IS
CLEAR, HOWEVER, THAT SCHMIDT WILL BE UNDER GREAT PRES-
SURE NOT TO PERMIT THIS MEETING TO END IN FAILURE AND
MUTUAL RECRIMINATION. THE SUMMIT MUST UNDERLINE THE IM-
PORTANCE OF GERMANY AS AN ELEMENT IN THE INTERNATIONAL
SYSTEM, THE ESSENTIALITY OF WESTERN COLLABORATION, AND
THE INDISPENSABILITY OF HELMUT SCHMIDT AS OF THE
GOVERNMENT HE RUNS.
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